



CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM



Created by the
State of California

FACT SHEET

What is the California Low Cost Automobile Insurance Program (LCA)?

The California Low Cost Automobile Insurance Pilot Program, created in 1999, established a low-cost automobile insurance policy for residents of Los Angeles County and the City and County of San Francisco. California Law requires that all drivers be insured. However, too many low-income drivers remain uninsured because the costs of standard auto insurance premiums are beyond their financial reach. The program's purpose is to provide low-cost automobile liability insurance to good drivers who demonstrate financial need.

What are My Obligations as a Producer?

- Insurance producers in the County of Los Angeles and the City and County of San Francisco must inform consumers who request a minimum or basic limits automobile policy about the availability of an LCA policy.
- If a consumer requests more information and the producer is California Automobile Assigned Risk Program (CAARP) certified, the producer must provide the CAARP information pamphlet, which explains the policy's qualifications, cost and coverage. If the consumer qualifies and wishes to purchase an LCA policy, the producer must provide assistance in completing the application, and submit the application to CAARP according to instructions.
- If a consumer requests more information about an LCA policy and the producer is not CAARP-certified, the producer must provide the consumer with CAARP's toll-free telephone number **1-800-622-0954**.

How Much Does it Cost?

- The annual base premium is \$347 in Los Angeles County (LA) and \$314 in the City and County of San Francisco (SF).
- There is a 25% premium surcharge for unmarried male drivers 19 through 24.
- Medical Payments coverage can be purchased for \$26.00 in LA and \$24.00 in SF.
- Uninsured Motorist coverage can be purchased for \$64.00 in LA and \$39.00 in SF.
- Installment payment options are available with minimum down payment as low as 15% of the total cost.

What Does the Policy Cover?

- Each policy provides liability coverage for the vehicle's primary driver and eligible secondary drivers, renewable on an annual basis. Each household is limited to two LCA policies.
- Maximum liability limits are as follows: \$10,000 bodily injury or death per person \ \$20,000 per accident, and \$3,000 property damage for each accident. The coverage limits are less than mandatory basic-limits policies, but state law provides that an LCA policy satisfies financial responsibility laws.
- \$1,000 per person Medical Payment coverage, if purchased.
- \$10,000 per person \ \$20,000 per accident Uninsured Motorist Bodily Injury, if purchased.

Who Is Eligible for the California Low Cost Automobile Insurance Program?

- Policyholder must be a resident of Los Angeles County or the City and County of San Francisco.
- The gross annual household income of the policyholder may not exceed 250% of the federal poverty level: (\$23,275 for single-person, \$47,125 for household of four, and \$78,925 for household of eight).
- Policyholder must be at least 19 years of age and a continuously licensed driver for the past three years.
- Policyholder must be a 'good driver.' That means applicant must not have more than one at-fault property damage-only accident or more than one point for moving violation in the past three years; and must not have an at-fault accident involving bodily injury or death in the past three years; and must not have a felony or misdemeanor conviction for a violation of the Vehicle Code on his/her motor vehicle record.
- Value of the insured vehicle must not exceed \$12,000.
- A policyholder may not purchase or maintain an automobile liability policy other than the LCA policy for any vehicle in the household.
- A college student-applicant may not be claimed as a dependent on another person's federal and/or state income tax return.

If you are interested in learning more about the California Low Cost Automobile Insurance Program, contact the Community Relations Branch of the Department of Insurance at **213-346-6464** or call the CAARP Hotline and ask about the California Low Cost Automobile Insurance Program at **1-800-622-0954**. The LCA program is administered by the California Automobile Assigned Risk Plan (CAARP).